

**STATEMENT**  
**of**  
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**BEFORE THE**  
**COMMISSION ON THE POSTAL SERVICE**

**CHICAGO, ILLINOIS**  
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Good morning. My name is John F. Hegarty, and I serve as National President of the National Postal Mail Handlers Union (NPMHU). I very much appreciate the opportunity to testify before the Commission, with special emphasis on the current process for collective bargaining under the Postal Reorganization Act.

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The NPMHU serves as the exclusive bargaining representative for more than 50,000 mail handlers employed by the U.S. Postal Service. Mail handlers are an essential part of the mail processing and distribution network utilized by the Postal Service to move more than 200 billion pieces of mail each year. Our members work in all of the nation's large postal plants, and are responsible for loading and unloading trucks, transporting mail within the facility (both manually and by using powered industrial equipment), preparing the mail for distribution and delivery, operating a host of machinery and automated equipment, and sorting and containerizing mail for subsequent delivery. Mail handlers are generally the first and the last employees to handle the mail as it comes to, goes through, and leaves most postal plants.

The majority of mail handlers are employed in large postal installations, including several hundred Processing & Distribution Centers, Bulk Mail Centers, Air Mail Centers, and Priority Mail Processing Centers. The largest of these installations, most often measured as those which utilize 200 or more work-years of bargaining unit employees, currently employ more than 90% of

the mail handlers represented by the NPMHU, and at least 80% of mail handlers work in installations that have 500 or more postal employees.

Although mail handlers are located throughout the United States, they are not spread evenly across all geographic areas. For example, more than 40% of all mail handlers are employed in seven of the largest Consolidated Metropolitan Statistical Areas that are tracked by the Census Bureau -- i.e., New York, Chicago, Washington-Baltimore, Los Angeles, San Francisco, Philadelphia, and Boston. And thousands of other mail handlers are working in or near other large cities, including Buffalo, Cincinnati, Cleveland, Dallas, Denver, Detroit, Hartford, Houston, Indianapolis, Milwaukee, Pittsburgh, Providence, Richmond, St. Louis, Minneapolis-St. Paul, Phoenix, Seattle, and Springfield, Massachusetts. A vast majority of mail handlers, therefore, work in the nation's twenty-five largest metropolitan areas.

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For the past eight years, the NPMHU has been an active participant in the debate about postal reform. Throughout this process, the NPMHU has been guided by, and completely open about, its underlying objective: to maintain the strength of the U.S. Postal Service because only the Postal Service will ensure an American postal system that operates in the public interest. To the extent that changes to the Postal Reorganization Act of 1970 (PRA) might be necessary, these changes should be limited, and should provide the Postal Service with additional flexibility in pricing, the freedom to design or introduce new postal products, and the ability to borrow and invest with fewer

constraints. With the recent enactment of legislation to correct retirement funding, the Postal Service is facing a period of long-term rate stability, which is a major benefit to mailers and other participants in the \$900 billion postal industry. There simply is no need for any drastic changes in the current statute governing the Postal Service. Of most importance, among the parts of the PRA that certainly do not need reform are the statutory provisions governing collective bargaining.

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Let me begin with some facts. The Postal Service and its four major unions, including the NPMHU, are all currently operating under long-term collective bargaining agreements. The current National Agreement between the NPMHU and the Postal Service, for example, covers four years running from November 2000 through November 2004. Moreover, although it originally was scheduled to terminate late next year, only three weeks ago the NPMHU reached a tentative agreement with the Postal Service on a two-year extension to that contract. Assuming that this tentative agreement is ratified by the union membership when voting is completed during the next three weeks, the current agreement between the NPMHU and the Postal Service will not terminate until November 2006. There is every reason to believe, moreover, that the bargaining relationship between the NPMHU and postal management will remain relatively stable into the foreseeable future.

Nor is this only a recent phenomenon, for collective bargaining in the Postal Service has been remarkably stable for the past thirty-three years.

Since the PRA was enacted in 1970, the NPMHU and the Postal Service have engaged in thirteen rounds of full collective bargaining, eight of which (including the last three, in 1998, 2000, and 2003) have resulted in voluntary agreements that were endorsed by postal management and subject to ratification by the union membership. (The 2003 ratification is still pending, but I am hopeful that the tentative agreement will be approved.) The other five were resolved through arbitration, with the results willingly accepted by both parties. Moreover, on at least three of the five occasions when the parties reached impasse and resolved their negotiations dispute through arbitration, the parties actually settled most open issues, and arbitrated only one or two issues which could not be resolved without an arbitrator's decision.

I know that this view of collective bargaining contradicts the rhetoric that often emanates from so-called postal commentators, or from members and staff at the Postal Rate Commission, or even – on occasion – from members of the USPS Board of Governors, but not one of those commentators has ever sat at the negotiating table or otherwise engaged in collective bargaining in the Postal Service. Their real complaint – if they have one – is with the results of collective bargaining, not with the process. Simply stated, these commentators apparently do not believe that career employees working for the Postal Service should earn a fair package of wages and benefits in return for the service that they provide to the American people.<sup>1</sup>

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<sup>1</sup> Instead, these commentators claim that postal employees are overpaid. We already have explained in our earlier submissions, however, why this claim is utterly absurd. Here are the relevant facts, as described in the NPMHU's rebuttal submission:

To be sure, the Postal Service is a labor-intensive business, and a large proportion of its costs are attributable to the wages and benefits for its 750,000 career employees. It therefore is understandable that the Commission would want to focus on workforce issues, including an assessment of the current collective bargaining process. After that assessment is made, however, the NPMHU believes that the Commission should conclude that the statutory rules

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[T]he overwhelming majority of mail handlers work in the nation's largest metropolitan areas, where the cost of living is generally higher than average. Virtually all newly-hired mail handlers are employed in part-time flexible positions, with no fixed schedule, and no guaranteed work beyond two or four hours (depending on the size of the facility) per two-week pay period. For this position, the current starting pay – as of March 2003 – is \$13.61 per hour (or only \$13.09 if the position is full-time). Even assuming that such a recently-hired mail handler is assigned work for 40 hours per week, at that hourly rate the starting mail handler earning \$13.61 per hour would earn base annual wages equal to only \$28,309 per year (calculated as \$13.61 per hour for 2,080 hours). Assuming that the mail handler continues to work for the Postal Service, after several years of part-time employment, the employee generally (although not always) would be converted to a full-time regular position with fixed days and hours. This fixed schedule usually includes work at night between the hours of 6:00 pm and 6:00 am (over half of all mail handler hours fall within this time frame) and often includes work on weekends. After thirteen years of working for the Postal Service, the wage scale currently in effect provides for a mail handler hourly wage of \$19.74 per hour, or \$41,059 per year. This base wage remains the same, subject to future negotiated increases, for the remainder of the mail handler's career, such that a mail handler who has dedicated 30 years or more of his or her life to the Postal Service also currently earns that same amount -- \$19.74 per hour or \$41,059 per year.

With all due respect, we would suggest that this is a fair wage, but certainly not an extravagant wage, to pay to career employees who dedicate their entire work lives to the Postal Service and the American mail system. We dare say that not one of the commentators complaining about the level of postal wages -- nor one of their hired lawyers, paralegals, or even legal secretaries -- earns less than this amount after thirty years of dedicated service. Nor is an entry wage of approximately \$13.00 per hour for a part-time job without guaranteed hours unreasonably high. To the contrary, the NPMHU submits that the Postal Service easily could justify the payment of higher wages to its career employees.

governing postal bargaining should remain unchanged, and that labor relations should continue to operate – without legislative or executive interference – between the unions that have been freely elected by postal employees and the representatives chosen by postal management.

More specifically, the NPMHU strongly endorses the current process for collective bargaining under the PRA, including initial face-to-face negotiations, followed by possible mediation or other dispute resolution procedures agreed to by the parties, and culminating, if necessary, in binding interest arbitration before an independent and neutral, but jointly selected arbitrator. As I have noted, history shows that most rounds of bargaining result in voluntary agreements, and – of equal importance – all rounds of bargaining end in the peaceful resolution of bargaining disputes that are acceptable to all parties.

Of critical importance, for more than three decades, there have been no work stoppages or other disruptions of postal operations, and therefore the mailing public has enjoyed uninterrupted service without even the threat of a slowdown in mail processing or delivery. The Commission should contrast this record of labor peace with some of the alternatives to binding arbitration that sometimes are proposed. Under the National Labor Relations Act, for example, employees have the right to strike upon impasse, and that is why the United Parcel Service (UPS) suffered a total shutdown for several weeks in 1997. Ironically enough, it was the Postal Service and its employees who willingly took on the monumental task of processing and delivering millions of

additional packages during that UPS strike to ensure that the American economy was not damaged.

Similarly, the statutory mechanisms for dispute resolution under the Railway Labor Act (RLA), which often are mentioned as a possible substitute for the PRA, have fared even worse. Both the airline and railroad industries have been faced with constant work disruptions and threatened (or actual) strikes during the past decade. In most instances, these disputes are resolved not by the parties at the bargaining table or in an arbitration hearing room, but either through the vagaries of economic warfare or through direct actions taken by Congress and/or the President. In recent years, both of these industries have suffered greatly from poor labor-management relations, and in recent months, the representatives of airline management actually have called on Congress to amend the RLA so that bargaining disputes would be resolved in mandatory arbitration, under a system much like that already contained in the PRA.

The substantive results of bargaining under the PRA also have proven quite successful. Certainly, in each round of bargaining, the NPMHU has sought, and will continue to seek, higher pay and improved benefits for mail handlers. But that is the core function of a union representing employees in bargaining against management. When viewed with a historical perspective, the collective bargaining provisions contained in the PRA have produced a series of fair and equitable wage adjustments and working conditions, especially over the past decade, that have been supported by both labor and management. The wages of mail handlers generally have kept pace with



inflation in the economy, in part because of a contractual provision that gives mail handlers semi-annual cost-of-living adjustments (COLAs) that guarantee wage improvements approximating 60% of the increase in the Consumer Price Index. At the same time, the existence of this COLA provision means that employees receive relatively small general wage increases. Overall, the wage increases obtained by mail handlers, including COLA, have been non-inflationary. In the aggregate, since enactment of the PRA, postal wage increases have been less than the rate of inflation measured by the Consumer Price Index, and less than salary improvements granted by the federal government or by large employers in the private sector, as measured by the Employment Cost Index.

During this same period, moreover, the productivity of mail handlers and other postal employees has increased dramatically. The Postal Service today processes and delivers more than 200 billion pieces of mail using approximately 750,000 employees. Approximately the same number of employees was once used to process and deliver half as much mail, not too many years ago. Through a combination of automation, worksharing by private mailers, and improved mail flow, today's mail handlers and other postal employees are more productive than ever before.

In short, the NPMHU believes it would be foolish, and ultimately harmful to the Postal Service, if the Commission were to recommend a change in the collective bargaining process currently mandated by the PRA. The current

mechanism for negotiations followed by binding interest arbitration has worked well, and should not be changed.

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The NPMHU also strongly opposes calls for increased privatization that might be aimed at mail handlers or other postal employees. To those extremists who seek privatization of the postal workforce as a means of eliminating hundreds of thousands of career postal employees, their interests are more political than practical. Even more pernicious, however, can be proposals to privatize smaller parts of the Postal Service through increasing the subcontracting of traditional postal work to private contractors. If countenanced, such subcontracting could mean that the Postal Service would lose the services of dedicated career employees at precisely the wrong time in our nation's history. Not only do postal employees have a special understanding about how to process mail efficiently and effectively, but in recent years they have been especially adept at dealing with issues related to mail security, and working to protect the American public against anthrax attacks, mail bombs, or other hazardous materials or similar threats of terrorism that might, and sometimes actually do, find their way into the U.S. mail. It would be truly unfortunate if this Commission were to encourage additional contracting out of postal work at a time when the American public and Congress finally have recognized that only federal civil servants, and not low-paid and untrained subcontracted employees, are capable of protecting our nation's airports and border crossings. The nation needs similar homeland

security for its mail. As with airport security, a dedicated workforce of professional postal employees is the best defense against those who would use the mail to harm our national security.

It bears noting, moreover, that many examples of recent subcontracting by the Postal Service have been colossal failures. Approximately five years ago, for example, the Postal Service decided to contract with Emery Worldwide Airlines to process Priority Mail at a network of ten mail facilities along the Eastern seaboard. Today, the work at those facilities finally has been returned to mail handlers and other career employees, but not before the Postal Service suffered losses in the hundreds of millions of dollars. At a recent meeting of the USPS Board of Governors, one Governor said publicly that the Emery subcontract was one of the worst decisions that the BOG ever had made. This Commission should not encourage similar errors in future subcontracts.

Finally, the NPMHU strongly opposes any recommendations from the Commission that might support changes to the workers' compensation, retirement, or health insurance programs now provided to postal employees. Each of these programs, which are legislated by Congress to cover all federal and postal employees, need to be preserved, and any adjustments that might become necessary to these or similar legislated programs should be negotiated between the parties.

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On behalf of the NPMHU and its 50,000 members, I appreciate the opportunity to appear before the Commission, and would be pleased to answer

any questions that the Commission or its staff may have, either today or during future deliberations. Thank you.